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STATUS OF IWG PROJECTS

1. Intelligence Study on Soviet Trade Tactics

It has been suggested in both the US economic defense community and the COCOM/CG complex that increased attention should be devoted to the problem of Soviet trade tactics. Considerable attention has already been given to this matter, both in the public press and in the EDAC community. Attachment I provides a list of representative articles and intelligence studies which have been written on the subject.

IWG Case 56, "Proposed Study of Soviet Trade Activities and Tactics in Non-COCOM Areas", has been to some extent outdated by the recent rapid turn of events in this field. Vigorous efforts are being made to expand Soviet trade in both COCOM and non-COCOM areas. It would appear, therefore, that any useful intelligence study must take both areas into account. It is understood that an MDAC paper is being prepared on one phase of this subject, namely, Soviet economic penetration in Latin America. With regard to COCOM interest in this matter, attention is invited to Attachment II, Enclosure to COCOM Document No. 1565 on "Soviet Trade Tactics."

NIE 10-54 (formerly, NIE 100), "Soviet Capabilities for Economic Warfare", was published on 9 March 1954. OIR and ORR Contributions to this estimate are available to the intelligence community. One particular aspect of the trade problem, namely, the significance of Soviet bloc offers of strategic commodities to the West, has already been carefully studied by EDAC Working Group No. 5. The conclusions of that Group were transmitted to the Executive Secretary of EDAC by memorandum of 28 April 1954, enclosing IWG/ID-25 and IWG/R-14, among others. Another aspect of the problem, that of licensing consumer goods to the Soviet bloc, was considered by IWG. Its findings were made available to the Executive Committee in IWG/AM-17 of 2 December and guidance was requested as to additional intelligence work required. Such guidance has not been received but possibly it may be presumed from the Government decision to license fats and oils to the Soviet bloc that no additional intelligence effort on the part of IWG is desired in this respect.

Articles have been written, analyses have been made of specific East-West trade agreements and procedures have been established to provide action and policy agencies with current intelligence on diversions -- a considerable effort has been made, in other words, in connection with

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Soviet trade tactics. It seems appropriate, therefore, to ask both IWG and the Executive Committee for comments and guidance at this time as to what remains to be done in the intelligence community on many complex aspects of this problem.

IWG members are requested to consider the foregoing and to indicate their reaction to need for an additional IWG intelligence effort in this field.

2. Security List Review

As indicated on the transmittal to this Administrative Memorandum, IWG has not participated directly in the commodity list review. It has been suggested, however, that there would be value in re-processing the contributions which have been made to the Joint Operating Committee in the course of the list review. Many of these informal contributions may be lost to the economic defense community if an effort is not made to systematically assemble the various "bits and pieces" into formal intelligence papers. Although it may appear that the list review is nearing completion and that further work is unnecessary, a further deterioration of Soviet-Western relations might call for a "second look" at the commodity control picture.

Members are asked to consider this matter and to make recommendations to the Executive Secretary as to the feelings of their respective agencies in this regard. An expression of opinion is desired, furthermore, from the Commerce member and from other interested agencies as to whether the following cases should be pushed to completion, either in connection with the current list review, or for purposes of record for any eventual re-appraisal of security controls.

- Case 55 - Strategic Importance of Lead to the Soviet Bloc
- Case 73 - The Metalworking Machinery Situation in the Soviet Bloc
- Case 74 - Phenol: Uses and Availabilities in the Soviet Bloc
- Case 75 - Indications of Soviet Bloc Uses and Supply of Titanium Ores
- Case 57a - The Bearings Situation in the Soviet Bloc: Production, Requirements, Trade and Application
- Case 58 - Soviet Bloc Strategic Uses of Coaxial Cable
- Case 59 - Vulnerability of the Soviet Bloc to a Reduction of Mercury Imports from the West

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3. Other Pending Problems and Cases

a. Intelligence Support for US Delegation to United Nations - It is requested that the IWG be advised of the status of this case (IWG Case 62) and of the progress of the work in State on the draft contribution on this subject.

b. External Financial Operations of the Soviet Bloc - The reaction of the Executive Committee to IWG/R-16 of 11 March is invited.

c. Collection Requirements on East-West Trade (Case 7)

d. Bunkering of Vessels in China Trade (Case 26)

e. [REDACTED]

f. Intelligence Data for US Delegate to CHINCOM (Case 36)

g. Diversions to the Soviet Bloc of Strategic Materials (Case 49a)

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[REDACTED] 25X1A9a

Executive Secretary
Intelligence Working Group

Attachments

I - Bibliography on Changing Soviet Trade and Economic Policy
II - Soviet Trade Tactics

Distribution

Cat. B - (8-12)
C - (1,4)
D - All

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ATTACHMENT I

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BIBLIOGRAPHY ON CHANGING SOVIET
TRADE AND ECONOMIC POLICY

1. Chinese Communist Foreign Trade Plans for 1953
OIR/State; Initiated September 1953; CONFIDENTIAL
2. Communist China in Trade Offensive in South and Southeast Asia
OIR/State; IR-6106
3. [REDACTED] 25X6A
4. East-West Trade Continues to Decline
OIR/State; IR-6047
5. East-West Trade and Trade Agreements: Austria and Hungary
OIR/State; IR-5976.4
6. [REDACTED]
7. [REDACTED]
8. Economic Warfare: Soviet Bloc "Capabilities" and Western "Vulnerabilities"
Unnumbered OIR/State Contribution to NIE-100 (now NIE 10-54);
6 November 1953
9. Facets of Chinese Communist and Soviet Behavior at ECAFE meetings
as Indicators of the Effectiveness of Trade Controls and of Sino-
Soviet Policy Motivations
OIR/State; IR-6302; 15 May 1953; SECRET
10. Future Prospects for East-West Trade
OIR/CIA; Project 42.10
11. Intra-bloc Trade Expands; East-West Trade Declines
OIR/State; IR-6263 (in process)

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12. Latin American Trade with Soviet Bloc
OIR/State; IR-6434; 19 October 1953
13. New Shift in Soviet Economic Policy
European Division, Department of Commerce; August 1953; CONFIDENTIAL
14. Paper on Soviet Tactics
OIR/State; (in process, number not assigned)
15. Recent Trade Agreements of the USSR
Department of Commerce; est. completion November 1953
16. Soviet External Trade and Finance - A Basic Study
OIR/State; IR-6301.3; 17 August 1953; SECRET
17. Soviet Bloc Capabilities for Economic Warfare
CIA/RR IP-347; October 1953; (contribution to NIE-100, now NIE 10-54); SECRET
18. Soviet Bloc Trade Objectives
OIR/State; IR-6374; Initiated September 1953; SECRET
19. Soviet Trade with Free World Shows Decline in 1953
OIR/State; IR-6347; Initiated July 1953; SECRET
20. Soviet Bloc Trade Ties with Latin America
OIR/State; IR-1449; 17 July 1953
21. Survey of USSR Commercial Policy
ORR/CIA; Project 42.7; Estimated Completion Date February 1954
22. The Moscow Economic Conference
OIR/State; IR-5883; 7 May 1952; CONFIDENTIAL
23. Trends in Soviet-Communist Tactics
OIR/State; IR-1001.229; 13 August 1953; SECRET
24. The Implications of the New Soviet Economic Policy
CIA/RR IM-383; 30 December 1953; SECRET
25. The Significance of Recent Soviet Gold Sales
CIA/RR IM-384; 14 January 1954; SECRET
26. The Impact of East-West Trade Controls
OIR/State; IR-6478; 11 December 1953

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27. Epitaph on East-West Trade?
EDAC D-22; 12 December 1952
28. "Trading with Mao and Malenkov"
EDAC D-36/6; 30 June 1953
29. Russians in a Buyers' Market
EDAC D-36/11; 30 September 1953
30. Italy Looks Eastward for Trade
EDAC D-36/19; 18 December 1953
31. The Mirage of East-West Trade
EDAC D-36/25; 2 February 1954
32. "Malenkov's Trade Weapon"
EDAC D-36/26; 4 February 1954
33. "Trade: Russia's Real Secret Weapon"
EDAC D-36/27; 16 February 1954
34. [REDACTED]
35. Outlook for West-East Trade
EDAC D-36/29; 26 February 1954
36. The Glittering Prospect of East-West Trade
EDAC D-36/32; 18 March 1954
37. "Throwing Away the Trump"
EDAC D-36/35; 30 March 1954
38. Soviet Purchase of Cotton
ED/EC D-44a; 20 October 1953; CONFIDENTIAL
39. Review of East-West Trade Developments
ED/EC D-44/1; 19 October 1953; CONFIDENTIAL
40. Review of East-West Trade Developments
ED/EC D-44/2; 19 October 1953; SECRET
41. USRO Review of East-West Trade Developments
ED/EC D-44/3; 12 November 1953; CONFIDENTIAL

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42. USRO Review of East-West Trade Developments
ED/EC D-44/4; 8 December 1953; CONFIDENTIAL
43. USRO Review of East-West Trade Developments
ED/EC D-44/5; 25 January 1954; CONFIDENTIAL
44. World-wide Enforcements of Strategic Trade Controls;
Third Report to Congress
MDAC; First Half of 1953
45. East-West Trade Trends; Fourth Report to Congress
MDAC; Second Half of 1953